

**701—107.16(422B) Construction contractor refunds.** Construction contractors may apply to the department for a refund of local option tax paid on goods, wares, or merchandise based on certain conditions.

**107.16(1)** Conditions for refund. All of the following conditions must be met before a contractor is eligible to claim a local option tax refund:

*a.* The goods, wares or merchandise is incorporated into an improvement to real estate in fulfillment of a written contract fully executed prior to the date of the imposition or increase in rate of the local option tax. The refund shall not apply to equipment transferred in fulfillment of a mixed contract.

*b.* The contractor has paid to the department or to a retailer the full amount of the state and local option tax.

*c.* Prior to July 1, 2001, the claim must be filed on forms provided by the department and must be filed within six months of the date the tax is paid. Effective July 1, 2001, the claim for refund must be filed with the department within one year from the date the tax is paid.

**107.16(2)** The refund must be paid by the department from the appropriate city or county account in the local option tax fund.

**107.16(3)** Erroneous and false refund claims. A contractor who makes an application for refund that is in error is liable for payment of the excess refund paid plus interest as set forth in Iowa Code section 421.7.

For collection of payments under this rule, see Iowa Code section 422B.11.

This rule is intended to implement Iowa Code section 422B.11 as amended by 2001 Iowa Acts, House File 715, section 15.